KA / BG-GPO / 2515 / WPP-47 / 2006-2008



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ಸಂಪುಟ ೧೪೧	ಬೆಂಗಳೂರು, ಗುರುವಾರ, ಸೆಪ್ಟೆಂಬರ್ ೧೪, ೨೦೦೬ (ಭಾದ್ರಪದ ೨೩, ಶಕ ವರ್ಷ ೧೯೨೮)	ಸಂಚಿಕೆ ೩೭

ಭಾಗ - ೧

ರಾಜ್ಯ ಸರ್ಕಾರದ ಮುಖ್ಯ ಆದೇಶಗಳು ಹಾಗೂ ಸುತ್ತೋಲೆ ಮುಂತಾಗಿ ಎಲ್ಲಾ ಇಲಾಖೆಗಳಿಗೂ ಸಂಬಂಧಿಸಿದ ಆದೇಶಗಳು

ಸಹಕಾರ ಸಚಿವಾಲಯ

ವಿಷಯ: ಕೆಸಿಸಿ ಬ್ಯಾಂಕ್ ಲಿ., ಧಾರವಾಡ ಇದರ ಆಡಳಿತಗಾರರ ಅವಧಿ ವಿಸ್ತರಣೆ ಬಗ್ಗೆ.

ಓದಲಾಗಿದೆ: 1) ಸರ್ಕಾರದ ಆದೇಶದ ಸಂಖ್ಯೆ: ಸಿಎಂಡಬ್ಲ್ಯೂ 125 ಸಿಎಲ್ಎಂ 2005, ದಿನಾಂಕ: 02.08.2005.

2) ಸಹಕಾರ ಸಂಘಗಳ ನಿಬಂಧಕರ ಪತ್ರ ಸಂಖ್ಯೆ: ಸಿಆರ್‌ಡಿ/ಸಿಎಬಿ-1/17/2001-2002, ದಿನಾಂಕ: 06.06.2006.

ಪ್ರಸ್ತಾವನೆ:

ಕೆ.ಸಿ.ಸಿ. ಬ್ಯಾಂಕ್ ಲಿ., ಧಾರವಾಡ ಇದರ ಅವ್ಯವಹಾರಗಳಿಗೆ ಸಂಬಂಧಿಸಿದಂತೆ, ಸದರಿ ಬ್ಯಾಂಕಿನ ಆಡಳಿತ ಮಂಡಳಿಯನ್ನು ರದ್ದುಪಡಿಸಿ ದಿನಾಂಕ: 10.12.2001 ರಂದು ಆಡಳಿತಗಾರರನ್ನು ನೇಮಿಸಲಾಗಿದ್ದು ಮೇಲೆ ಓದಲಾದ (1)ರ ಆದೇಶದಲ್ಲಿ ಸದರಿ ಬ್ಯಾಂಕಿನ ಆಡಳಿತಗಾರರ ಅವಧಿಯನ್ನು ದಿನಾಂಕ: 10.6.2006 ರವರೆಗೆ ವಿಸ್ತರಿಸಲು ಅನುವಾಗುವಂತೆ ಕರ್ನಾಟಕ ಸಹಕಾರ ಸಂಘಗಳ ಅಧಿನಿಯಮ 1959ರ ಪ್ರಕರಣ 121 ರಡಿ ಸರ್ಕಾರಕ್ಕೆ ದತ್ತವಾಗಿರುವ ಅಧಿಕಾರವನ್ನು ಚಲಾಯಿಸಿ ಪ್ರಕರಣ 30(1)ಕ್ಕೆ ಮಾರ್ಪಾಟು ಮಾಡಲಾಗಿರುತ್ತದೆ. ಮುದ್ದತ ಮೀರದ ಸಾಲಗಳ ವಸೂಲಾತಿ, ಹೊಸ ಠೇವಣಿ ಸಂಗ್ರಹಣೆ, ಷೇರು ಸಂಗ್ರಹಣೆ ನಾನ್‌ಫಂಡ್ ವ್ಯವಹಾರ, ಎನ್‌ಪಿಎ ದಲ್ಲಿ ಇಳಿತ, ಎಸ್‌ಎಲ್‌ಆರ್ ಮತ್ತು ಸಿಆರ್‌ಆರ್ ಪ್ರಮಾಣ ಕಾಯ್ದುಕೊಳ್ಳುವುದು ಇತ್ಯಾದಿ ಪ್ರಮುಖ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಪೂರ್ಣ ಪ್ರಮಾಣದಲ್ಲಿ ನಿರ್ವಹಿಸಿ ದಿನಾಂಕ: 31.3.2006ಕ್ಕೆ ಇರುವ ಅಂದಾಜು ಹಾನಿ ರೂ.80.00 ಕೋಟಿಗಳನ್ನು ಹೋಗಲಾಡಿಸುವ ಸಲುವಾಗಿ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್ ನಿಯಂತ್ರಣ ಅಧಿನಿಯಮ 1949ರ ಪ್ರಕರಣ 11 (1)ರ ಪಾಲನೆ ಮಾಡಲು ಕನಿಷ್ಟ ಒಂದು ವರ್ಷದ ಅವಧಿಗೆ ಆಡಳಿತಗಾರರನ್ನು ಮುಂದುವರೆಸುವ ಅವಶ್ಯಕತೆ ಇದೆ ಎಂದು ತಿಳಿಸಿ ಸದರಿ ಬ್ಯಾಂಕಿನ ಆಡಳಿತಗಾರರ ಅವಧಿಯನ್ನು ದಿನಾಂಕ: 11.06.2006 ರಿಂದ ದಿನಾಂಕ: 10.06.2007 ರವರೆಗೆ ವಿಸ್ತರಿಸುವಂತೆ ಸಹಕಾರ ಸಂಘಗಳ ನಿಬಂಧಕರು ಮೇಲೆ ಓದಲಾದ (2)ರ ಪತ್ರದಲ್ಲಿ ಕೋರಿರುತ್ತಾರೆ.

ಸಹಕಾರ ಸಂಘಗಳ ನಿಬಂಧಕರ ಪ್ರಸ್ತಾವೆಯನ್ನು ಕೂಲಂಕಷವಾಗಿ ಪರಿಶೀಲಿಸಿ ಈ ಕೆಳಕಂಡಂತೆ ಆದೇಶಿಸಿದೆ.

ಸರ್ಕಾರಿ ಆದೇಶ ಸಂಖ್ಯೆ: ಸಿಒ 99 ಸಿಎಲ್ಎಂ 2006, ಬೆಂಗಳೂರು, ದಿನಾಂಕ: 24ನೇ ಜುಲೈ 2006

ಪ್ರಸ್ತಾವನೆಯಲ್ಲಿ ವಿವರಿಸಿದ ಸಂಗತಿಗಳ ಹಿನ್ನೆಲೆಯಲ್ಲಿ ಕೆಸಿಸಿ ಬ್ಯಾಂಕ್ ನಿ., ಧಾರವಾಡ ಇದರ ಆಡಳಿತಗಾರರ ಅವಧಿಯನ್ನು ದಿನಾಂಕ: 11.06.2006 ರಿಂದ 10.06.2007 ರವರೆಗೆ ವಿಸ್ತರಿಸಲು ಅನುವಾಗುವಂತೆ ಕರ್ನಾಟಕ ಸಹಕಾರ ಸಂಘಗಳ ಅಧಿನಿಯಮ 1959ರ ಪ್ರಕರಣ 121 ರಡಿಯಲ್ಲಿ ಪ್ರದತ್ತವಾದ ಅಧಿಕಾರವನ್ನು ಚಲಾಯಿಸಿ ಕರ್ನಾಟಕ ಸರ್ಕಾರವು ಸದರಿ ಅಧಿನಿಯಮದ ಪ್ರಕರಣ 30 (1) ಈ ಕೆಳಕಂಡ ಮಾರ್ಪಾಟುಗಳೊಂದಿಗೆ ಕೆಸಿಸಿ ಬ್ಯಾಂಕ್ ಲಿ., ಧಾರವಾಡ ಇದಕ್ಕೆ ಅನ್ವಯವಾಗತಕ್ಕದ್ದೆಂದು ನಿರ್ದೇಶಿಸುತ್ತದೆ, ಎಂದರೆ:-

ಕರ್ನಾಟಕ ಸಹಕಾರ ಸಂಘಗಳ ಅಧಿನಿಯಮ 1959ರ ಪ್ರಕರಣ 30 ಉಪ ಪ್ರಕರಣ (1) ರಲ್ಲಿನ "ಒಂದು ವರ್ಷ" ಎಂಬ ಪದಗಳಿಗೆ ಬದಲಾಗಿ "ಅರವತ್ತು ತಿಂಗಳು" ಎಂಬ ಪದಗಳನ್ನು ಪ್ರತ್ಯಾಯೋಜಿಸತಕ್ಕದ್ದು.

ಸೂಚನೆ: ಪ್ರಕರಣ 30 ಉಪ-ಪ್ರಕರಣ (1)ಕ್ಕೆ ಮಾಡಿದ ಈ ಮಾರ್ಪಾಡು ದಿನಾಂಕ 10.06.2007 ರವರೆಗೆ ಜಾರಿಯಲ್ಲಿರತಕ್ಕದ್ದು. ಈ ಅವಧಿ ಮುಗಿದ ನಂತರ ಈ ಆದೇಶದ ಮಾರ್ಪಾಡಿಗೆ ಮೊದಲು ಜಾರಿಯಲ್ಲಿದ್ದಂತೆ ಸದರಿ ಪ್ರಕರಣ 30 ಉಪ-ಪ್ರಕರಣ (1) ರಲ್ಲಿನ ಉಪ ಬಂಧಗಳು ಪುನಃ ಜಾರಿಗೆ ಬರತಕ್ಕದ್ದು.

ಕರ್ನಾಟಕ ರಾಜ್ಯಪಾಲರ ಆದೇಶಾನುಸಾರ ಮತ್ತು ಅವರ ಹೆಸರಿನಲ್ಲಿ,

ಆರ್.ಎಸ್. ಹುಚ್ಚಾಚಾರಿ

ವಿಶೇಷ ಕರ್ತವ್ಯಾಧಿಕಾರಿ ಹಾಗೂ ಪದನಿಮಿತ್ತ ಸರ್ಕಾರದ ಜಂಟಿ ಕಾರ್ಯದರ್ಶಿ,
ಸಹಕಾರ ಇಲಾಖೆ.

ಪಿ.ಆರ್. 1277

COMMERCE & INDUSTRIES SECRETARIAT

Subject: New Industrial Policy – 2006-2011

Read:
1) G.O. No.CI 30 SPC 96 dated 15-03-1996
2) G.O. No.CI 30 SPC 96 dated 31-05-1996
3) G.O. No.CI 30 SPC 96 dated 14-05-1999
4) G.O. No.CI 30 SPC 96 dated 15-05-1999
5) G.O. No. CI 167 SPI 2001 dated 30-06-2001.

PREAMBLE:

In the Government Order dated 15.03.1996 read at (1) above, the State Government had announced a comprehensive Industrial Policy –1996. The said policy had extended a package of incentives and concessions for new investors. This policy came to be modified from time to time vide the Government Orders dated 31.05.1996, 14-05-1999 and 15-05-1999 respectively read at serial numbers (2) to (4) above.

The liberalized Economic Policy formulated by the Govt.of India greatly contributed to the rapid industrial growth in the private sector besides substantial inflow of capital from abroad in the form of Foreign Direct Investments (FDIS).

Karnataka has been a pioneer in industry. For several years now, the State has been consistently pursuing progressive industrial policies to meet the changing needs of the State's economy and Industry. Over the last 100 years, the State has had the distinction of building a strong and vibrant industrial base, which combines the intrinsic strengths of large industrial public sector undertakings, large and medium privately owned industries and a very wide and dispersed small-scale sector. The State has demonstrated its strength over a wide spectrum of sectors in industry and has outstanding examples of success in the old economy. In recent times, Karnataka has emerged as the knowledge and technology capital of the country making rapid strides in the new economy as well. IT and related industries, biotechnology and strong research and development institutions have given Karnataka a pride of place in the global market. Karnataka being one among the Top five Industrialised States in the country, has achieved substantially in promoting hi-tech industries in key sectors like Electronics, Telecommunication, Information Technology, Precision Engineering, Automobiles, Readymade garments, Bio-technology and Food Processing and also witnessed considerable foreign direct investment (FDI) both in Bangalore and in other parts of the State.

The 2001-2006 Industrial Policy announced in the Government Order dated 30.06.2001 read at (5) above, incorporated the various features reflected in the liberalised Economic Policy of the Govt.of India to give an impetus to industrial growth and to attract investments in identified sectors as also to ensure uniform dispersal of industries more particularly in the backward areas of the State.

During the 2001-06 Industrial Policy period, investment approvals of projects (with investments of over Rs.50 Crores each) by the State High Level Clearance Committee (SHLCC) and large & medium projects by the State Level Single Window Agency (SLSWA) have shown sustained increase/growth. The number of projects approved by the SHLCC is 148 with an investment of Rs.1,15,882 Crores and with an employment potential of 13,75,000 persons. Similarly, the number of projects approved by SLSWCC is 861 with an anticipated investment of Rs.19,044 Crores and employment potential of 5,90,869 person. During the same policy period 65,231 SSI units registered with Rs.2079.62 Crores of investment and provided employment to 2,95,487 persons.

Bangalore has the distinction of being the destination for a large number of Multi-National Companies in knowledge based industries and technology driven sectors and is today recognised as one of the Top 10 Technopolises in the World. The growth in the Information Technology Sector has been phenomenal. Similarly, the growth in other sectors like petroleum and petroleum products, iron ore and minerals, silk products, gems and jewellery, plastic goods, basic chemicals, pharmaceuticals and cosmetics etc., have been substantial during the last Industrial Policy period and during 2005-2006, the State of Karnataka recorded an export performance of Rs.82,280 Crores.

In the Govt.Order No.CI 319 SPI 2005 dated 24.10.2005, a Core Group under the chairmanship of Sri P.P.Prabhu, IAS (Retd) with two members, one an expert in the field of Economics and another from Industry, was constituted to advise the government on the broad contours of a New Industrial Policy that will guide the State's Industrial development over a period of five years beginning from April, 2006.

This Core Group, after detailed discussions and consultation with industrialists, Industry Associations, Labour Representatives and Senior Officers of Government Departments/ Organisations/Agencies related to industries sector and after visiting Mysore, Mangalore, Hubli and Gulbarga and discussing with the regional representative of the industry associations of the respective regions submitted its Report to the State Government on 18.04.2006 which inter alia contained the proposed objectives of the New Industrial Policy and also the strategy to be adopted to realise the said objectives.

Due to limitations of land availability and expansion of the irrigation potential, industrial development, particularly in the rural and backward areas, is critical for augmenting employment in the non-farm sector. This is particularly so to meet the aspirations of the educated youths in the rural areas who need to be encouraged to set-up micro-enterprises not only as an employment generation scheme but also for economic development of the rural and backward areas.

On the basis of the recommendations of the Core Group on New Industrial Policy and with due regard to the rationale contained in the Industrial Policy 2001-06 and taking into account the positive results achieved through adoption of the said Policy as also discussing the matter in all its aspects with the Departments concerned, a decision has been taken to adopt a new Industrial Policy for the period 2006-2011. Hence, the following order:

GOVT.ORDER NO.CI 319 SPI 2005, BANGALORE, DATED: 26th AUGUST, 2006

In the circumstances explained in the preamble, Government is pleased to announce the New Industrial Policy-2006-2011, as detailed in the Annexure-A to this order and supported by other Annexures namely Annexure-B, C and D which inter alia contain details about classification of Taluks in Karnataka into Zones for the purpose of administering graded scale of incentives and concessions, Incentives and Concessions for Mega, Large & Medium, and Small Scale Industries, and list of Industrial activities/Units ineligible for incentives & concessions respectively.

2. The salient features of the New Industrial Policy 2006-2011, are as follows:

(i) It aims at increasing the percentage in GSDP growth, strengthen manufacturing industry; increase share of exports from Karnataka in the National exports, to generate additional employment to at least 10.00 lakh persons in the manufacturing and service sectors, promote diversified industrial base; reduce regional imbalance in the matter of economic development and employment opportunities and ultimately aim at overall socio-economic development of the State.

(ii) The strategies for further industrialisation of the State during the next five years include zoning of various taluks with special emphasis on most/more backward taluks for the purpose of industrial growth, develop in an integrated manner, industrial infrastructure in various key locations of the State ahead of the requirements, implement mega industrial water supply schemes for potential locations through SPVs; encourage specialised industrial infrastructure for specific sectors and SEZs, encourage development of industrial cluster/corridor and give priority to upgradation of infrastructure in existing and new industrial areas and to that effect set-up an infrastructure Upgradation Fund with an initial corpus of Rs.500 Crores, promote Human Resource Development; promote Agro Food Processing Industry; take up technology upgradation for Survival and growth of SSI sector and create a Technology Upgradation Initiative Fund with a corpus of Rs.25.00 Crores; provide marketing assistance to SSI sector and promote local entrepreneurship etc.

(iii) Extending various incentives and concessions relating to Entry Tax and Special Entry Tax; waiver of conversion fine; exemption of stamp duty and reduction of registration charges have also been considered.

3. The above Industrial Policy and the incentives package shall be deemed to have come into effect from 1.4.2006 and will have a span of five years therefrom i.e. upto 31.03.2011.

4. This order issues with the concurrence of the Finance Dept. vide U.O.Notes No.FD 1157 Exp-I/2006 dated 7-8-2006 & 19-8-2006 respectively; Revenue Department vide D.O.letter No.ಕಂಇ/ಕಾ/2-9/2006 dated 19-6-2006; Forest, Environment & Ecology Department vide D.O. letter No. FEE 203 ECO 2006 dated 27-6-2006; Planning & Statistics Department vide D.O. letter No. PD 38 ACSPS 2006 dated 27-6-2006; Agriculture & Horticulture Department vide U.O. Note No.ಕೃತೋಇ 111 ತೋಯೋಕಾ 2006 dated 24-6-2006; Urban Development Department vide U.O. Note No. UDD 142 BMR 2006 dated 26-6-2006;

Energy Department vide D.O. letter No. EN 116 PRS 2006 dated 23-6-2006; Water Resources Department vide U.O.

Note No. WRD 64 MBI 2006 dated 23-6-2006; Labour Department vide U.O.Note No. ಕಾಇ 69 ಸ್ವೀಮರ 2006 dated 28-6-2006; Transport Department vide D.O. letter No. TRD/40/R & I/2006 dated 27-6-2006; Co-operation Department vide U.O.Note No. CD:SECY:T-114:2006 dated 14-8-2006.

By Order and in the name of the Governor of Karnataka,

K.M. SHIVAKUMAR

Principal Secretary to Government,

Commerce & Industries Department

Annexure-A

New Industrial Policy 2006-2011

1. Introduction:

1.1 Karnataka is one of the top 5 industrialized States in the country. It has a history of pioneering industrial development initiatives since the time of the Princely State of Mysore and subsequently in the post independence era. The State was the first in the country to have brought out a State Industrial Policy during 1982-1983, followed by successive State Industrial Policies in 1988, 1990, 1993, 1996 and in 2001.

1.2 During the just concluded 2001-06 Industrial Policy period, investment approvals of projects [with investments of over Rs. 50 crores each] by the State High Level Clearance Committee [SHLCC] and large & medium projects by the State Level Single Window Agency [SLSWA] have shown sustained increase / growth. The number of projects approved by the SHLCC is 148 with an investment of Rs.1,15,882 crores and with an employment potential of 11,03,824 persons. Similarly, the number of projects approved by SLSWCC is 861 with an anticipated investment of Rs.19,043.73 crores and employment potential of 5,90,869 persons. During the same Policy period 65,231 SSI units registered with Rs.2,079.62 crores of investment and provide employment to 2,95,487 persons.

1.3 The State GDP growth rate during 2005-06 is 8.7% with industrial sector accounting for 18%. Having regard to this it is felt that the new policy should have a mission to achieve GSDP growth of over 9%.

1.4 The industrial recession, which was prevalent upto 2002-03 has now given way to increased investments & growth, as is evident in the year - wise investment approvals by SHLCC & SLSWCC.

1.5 However, this increased flow of investment need to be supported with (i) On demand infrastructure availability, (ii) Human resource for diverse sectors, (iii) Support to technology up-gradation, quality improvement and (iv) Single Window support and facilitation mechanism, so that the projects are implemented expeditiously and go into operation.

1.6 Today, there is intense competition between States for attracting investments. Investors naturally choose the State that offers best combination of (i) Industrial & Social infrastructure, (ii) Human resources, (iii) Technology savvy work force and (iv) The State that offers “Ease of doing Business”.

1.7 The fiscal / taxation regime and incentives & concessions offered by the States & Government of India also have important bearing on the locational decision of projects.

1.8 His Excellency, the President of India Dr. A.P.J.Abdul Kalam, in his address to the members of the Karnataka Legislature on 20-11-2005 on the occasion of “Suvarna Karnataka celebrations” had advocated 11 Missions for Karnataka’s prosperity. Of these, Missions on Textiles, Bio-fuel, Agro processing and Entrepreneurship are related to industries sector and addressed in this Policy.

1.9 Government accords highest priority to the objectives of dispersal of industrial investments in various backward regions / districts of the State so that the fruits of economic development and employment opportunities are shared by all segments of society and in all parts of State in as equitable manner as possible.

1.10 The New Industrial Policy 2006-2011 attempts to address the above aspects in a balanced manner.

2. VISION:

2.1 Policy to help facilitate the State achieve a GSDP growth of over 9%, which in turn call for an industrial sector growth of over 12%.

2.2 To focus on strengthening of the manufacturing industry in the State and to increase it's percentage share of the GSDP from the present average of 16.70% to over 20% by the end of the policy period.

2.3 To achieve an increased share of Karnataka's exports in the National exports from the present 15% to 20% by the end of the policy period.

2.4 To create additional employment generation to at least 10.00 lakh persons in the manufacturing and service sectors during the Policy period.

2.5 Promote diversified industrial base with strength in both old economy & new economy fields.

2.6 Facilitate reduction of regional imbalance in the matter of economic opportunities, employment and growth.

2.7 Endeavor to promote sustained industrial growth by facilitating accelerated flow of investments.

2.8 In short, to promote sustained, growth oriented industrialization with employment & revenue generation, for overall socio-economic development of the State.

3. STRATEGY:

Keeping the above objectives in mind, the strategy for further industrialization of the State during the next 5 years would be:

3.1 To classify various taluks of the State into 3 Zones for the purpose of focused attention:-

(i) **Zone-1**:- 79 Taluks - most / more backward Taluks as categorized by Dr. D.M.Nanjundappa Committee Report.

(ii) **Zone-2**:- 85 Taluks - [Taluks not covered in Zone 1 & 3].

(iii) **Zone-3**:-12 Taluks - of Bangalore Urban & Rural Districts [excluding Taluks of Kanakapura & Magadi] Mangalore, and Mysore Taluks.

Details of Taluks indicated in **Annexure -B**

3.2 To develop industrial infrastructure facilities ahead of the requirements, in various key location of the State through the KIADB / KSSIDC. Annually a minimum of 5,000 acres of quality industrial infrastructure would be created, during the Policy period. Such Industrial Areas will be developed in an integrated manner reserving up to 25% of the area for housing and other social infrastructure. The equity base of KIADB would be strengthened through greater support.

3.3 Keeping in view the fact that water is a crucial support requirement for industrialization, Government would facilitate implementation of mega industrial water supply schemes for potential locations through Special Purpose Vehicles [SPVs].

3.4 A comprehensive Power Policy would be formulated by the Department of Energy. This Policy would encourage power generation from IPPs and also through captive power generation.

3.5 To meet the rising energy requirements of the State on account of rapid industrialization, Government would facilitate preparation of a "Gas Distribution Master Plan" to enable public / private sector players to bring in gas from diverse sources for distribution.

3.6 Apart from standard infrastructure in the form of industrial areas and industrial estates, specialized industrial infrastructure for specific sectors and Special Economic Zones [Multi-product, Product specific, Sector specific and Free Trade Zones] would be encouraged to be established through both KIADB as well as private sector promoters. The establishment of multi-product and product specific SEZs will be encouraged in all districts of the State except Bangalore Urban District. However, establishment of SEZs even in Bangalore Urban District will also be encouraged if the proponent of SEZ comes forward to do so in his/her own land or through a joint development agreement with the land owners.

3.7 The ONGC in association with Govt. of Karnataka is already implementing a large Multi-product SEZ that would predominantly house Petroleum refining and Petro-Chemical projects. Govt. would take up with Govt. of India for enlargement of the size and scope of Mangalore SEZ Ltd. in to Petroleum, Chemicals & Petro-chemicals Investment Region (PCPIR).

3.8 Industrial corridor / Cluster development would be encouraged in potential locations.

3.9 State would encourage alternate partnership & financing options for infrastructure development.

3.10 Focused attention on sub-sectors / areas where the State has core competency i.e., Aerospace, Engineering, Automobile, Machine-tools, Steel, Cement, Pharmaceuticals, Food Processing, Apparel & Textiles, Electronics, Information Technology, Bio Technology etc..

3.11 In view of the fact that the silk reeling sector is highly employment oriented, a separate package will be formulated in consultation with the Sericulture Department.

3.12 Impetus for development of renewable & non-conventional energy sources through Mission approach.

3.13 Human Resource Development - Government would promote / help facilitate establishment of specialized skill development institutions at key locations suitable for the manufacturing industries and emerging vocations in the service sector. A scheme of State support through public, private partnership would be evolved & implemented. The Government assistance will be in the form of providing land and financial assistance for creation of basic infrastructure facilities as follows:

(i) Grant of up to 5 acres of Government land will be considered along with capital contribution of 50% of the project cost subject to a ceiling of Rs.2 crores per Training establishment for sector specific training.

(ii) Recurring cost for running the training institution an amount of Rs.750/- p.m./ per trainee will be provided subject to a ceiling of Rs.15 lakhs per year for a period of 3 years.

(iii) Government will launch a new scheme to provide Rs.750/- p.m. stipend for on-the-job training of unemployed educated youth for training in different vocations through industrial / service establishments. The Training Institutions would also consider providing matching contribution towards stipend to the trainees and other required facilities during the training period.

The modalities of the scheme will be worked out by the Government separately.

3.14 Promote Agro Food Processing industries in the potential location to help farmers realize better value / price for their produce, through increased localized processing of agricultural output. As an incentive for setting up of new agricultural produce processing industries, APMC cess in respect of such procurement by the processing industries directly from the farmers will be exempted. Necessary amendments to the existing law will be brought about by the Co-operation Department in this regard.

3.15 In the context of globalised economy, survival & growth of SSI sector depend up on its ability to modernize, improve quality & cut costs. Karnataka Council for Technology Upgradation [KCTU] would be strengthened to take up promotional programmes in this regard.

3.16 Programmes for promotion of local entrepreneurship would be strengthened through appropriate restructuring of institutional mechanism to impart entrepreneurship training to 3,00,000 persons during the Policy period.

3.17 Special Incentives for entrepreneurs setting up units in backward areas. Additional incentives for units promoted by entrepreneurs from the category of SC/ST, Minority, Women, Physically challenged & Ex-Servicemen.

3.18 Government would work in close co-ordination with Industry Associations / Chambers of Commerce / Trade bodies to have continuous feed back on the status of industries and the support measures needed.

3.19 Improvement of investment climate and business environment through decentralized governance measures and efficient facilitation.

3.20 Government would take up comprehensive rationalization & simplification of provisions of various labour laws to enable flexibility & increased productivity in the industry.

3.21 Government would come up with a separate revival package for sick SSI units and BIFR cases, after consultation with all the stake holders viz; Industry Associations, Financial Institutions / Banks, Service providers, labour representatives. A clear cut Exit Policy would be attempted.

3.22 Local Amendments to The SEZ Act 2005 & Rules 2006 [Central Act] would be effected, providing for State level facilitation & incentives, labour law rationalization etc.

3.23 The BMRDA has taken up 5 New Townships around Bangalore. As per BMRDA Master Plan economic activities would be encouraged within these townships by creating industrial infrastructure.

3.24 The District Industries Centre(DIC) would be designated as Nodal Agency at the district level for implementation of Self-Employment Programmes and Self-Help Groups.

3.25 Global Information Centres would be set up at all DICs at district headquarters for the benefit of entrepreneurs.

3.26 Industry relevant skills would be identified and training programme would be provided to one lakh educated unemployed youth for taking self-employment ventures and wage-employment.

3.27 The Government shall encourage setting up of various institutions and centres of excellence in the field of automobile / machine tools / food processing / building materials and other fields and also encourage setting up of Technology Business Incubators in these areas. The Government assistance will be in the form of providing financial assistance for creation of basic infrastructure facilities, subject to a ceiling of Rs.50.00 lakhs per incubator / centre.

3.28 Existing areas of concentration of industries would be converted in to “Industrial Township” for efficient maintenance of civic amenities and services etc.

3.29 Implementation of Kaigarika Vikas Scheme will be speeded up for development of 79 most and more backward Taluks as identified by Dr.D.M.Nanjundappa Committee Report on redressal of regional imbalances. G.O. No. CI 154 CSC 2005 dated 8-12-2005 already issued for implementation of the Scheme will be integrated with this new policy. It envisages creation of new economic opportunity by utilising local resources, skill and demand, by providing ready to use infrastructure, human resource development etc.

3.30 Khadi institutions assisted by KVIC / KVIB would be provided improved Charakas for increasing productivity, which in turn, will help increased wage earning by artisans.

3.31 In order to encourage, sustain and safeguard the interests of SSI units of Karnataka, Government is committed to extend the facility of price preference of 15% for the purchases and purchase preference made from SSIs units of the State. This incentive as provided in the 2001-06 Policy would be extended in this Policy for the next five years.

3.32 In order to achieve envisaged export growth rate of 20% during the Policy period Visvesvaraya Industrial Trade Centre (VITC) will be strengthened in this regard.

3.33 Incentives and concessions for various categories of industries and locations are indicated in **Annexure-C**. Negative list of units in-eligible for incentives & concessions is indicated in **Annexure-D**.

4. ACTION PLAN:

4.1 KIADB would focus on development of large industrial areas of 500 or more acres each in potential locations.

4.2 KIADB would endeavour to complete implementation of SEZ projects taken up at Hassan, Mangalore & Shimoga.

4.3 One time Upgradation of Infrastructure in existing industrial areas / estates developed by KIADB / KSSIDC respectively would be carried out. Financial assistance would be provided to KIADB / KSSIDC to carry out the work subject to the condition that the Local Authorities & Industrial Associations come forward to take up future maintenance. An Infrastructure Upgradation Fund of Rs. 500 crores would be created for this purpose.

4.4 The Apparel Park taken up by KIADB at Doddaballapur and Integrated Textile Park at Anekal, Bellary, Davanagere, Mysore, Kanakapura would be completed and commissioned early.

4.5 6 Food Parks taken up at Malur, Bagalkot, Maddur, Hiriyur, Jewargi and Belgaum would be completed by end of 2007.

4.6 Government would adopt the “Mega Food Park” concept being formulated by Ministry of Food Processing, Govt. of India, for Implementation in select Districts by providing infrastructure, forward and backward linkages.

4.7 Accelerated development of food processing industries would be encouraged. Karnataka has 11 Agro Climatic Zones ideally suited for cultivation of a variety of cereals, oil seeds, fruits & vegetables, spices, flowers etc. These agro resources would be harnessed to the fullest extent to create value chain for farmers, processors & Consumers.

4.8 Agriculture produce processing industries will be permitted to procure agriculture produce like cereals, oil seeds, fruits & vegetables directly from farmers without going through the APMC. APMC cess in respect of such procurement by processing industries would be exempted.

4.9 25 Small Industrial areas for development of Cluster in potential Taluks through out the State would be taken up for the benefit of Tiny / SSI Units by KSSIDC and would be completed by 2007-08.

4.10 Private Sector entrepreneurs would be encouraged to set up a multi-product, product specific, sector specific and free trade zones in various potential locations and need based infrastructure support would be extended from KIADB.

4.11 Industrial Corridor / Cluster development would be taken up in potential locations viz: (i) Bangalore-Mysore (ii) Mysore-Nanjangud, (iii) Hubli-Belgaum, (iv) Hospet-Bellary (v) Mangalore-Udupi, (vi) Bhadravathi-Shimoga (vii) Nelamangala-Kunigal (viii) Davanagere-Harihar (ix) Kolar-KGF etc.

4.12 Human Resource Development – A High Level Committee chaired by Principal Secretary to Govt., Commerce & Industries Department and with Representatives of Higher Education, IT & BT, Agriculture & Horticulture and Vice-Chancellor of Universities of VTU / Agriculture Universities and others would be constituted to work out detailed plans for Human Resource Development / Skill sets required for various segments of Industry. An amount of Rs. 25 crores would be earmarked for this purpose.

4.13 Man Power Training Institutions for emerging vocations like retailing, apparels & textiles, construction, repair and service of earth moving equipments etc. would be set up with Private Sector participation in PPP mode.

4.14 A State Level Industrial Development Council with Hon'ble CM as Chairman & Hon'ble Minister for Large & Medium Industries as Vice-Chairman and consisting of Captains of Industries, Chiefs of Chamber of Commerce & Industries / Trade bodies would be constituted to aid and advise the Government on policy issues pertaining to Industrial development & Investment Promotion in the State.

4.15 Besides physical infrastructure, fiscal / financial incentives, the key aspect enabling timely implementation & commissioning of projects is "de-regulation & ease of doing business". The Karnataka Industries (Facilitation) Act 2002 and Rules 2003 would be implemented more effectively for efficient delivery of services to the entrepreneurs.

4.16 Karnataka Udyog Mitra would be strengthened and assigned a dominant role in the task of Investment Promotion and Investors support to facilitate speedy implementation of projects. The Single Window Mechanism would further be rationalised and strengthened to this effect.

4.17 Under Kaigarika Vikasa scheme, GTTC would set up additional sub-centres in tool and die making and implementation of Sector specific scheme of various Boards and Corporations, conducting EDP's, Rrsource mapping of Taluks, upgradation / creation of Industrial Infrastructure will be taken up by integrating various schemes of other Departments. Financial assistance would be provided for sector specific scheme implemented by Boards / Corporations.

4.18 Existing 6 spindle charakas will be replaced by 8 spindle improved charakas at subsidised rates through Khadi institutions assisted by KVIC / KVIB in phased manner to increase productivity and wage earnings of artisans.

5. TERMS & CONDITIONS:

5.1 The incentives and concessions under this policy will come into force with retrospective effect from 1st April 2006. However, industrial units which have already been granted a Package of Incentives & Concessions as per the previous policies will continue to enjoy the benefits already granted till the expiry of the earlier sanction orders. All new investments made after 1st April 2006 will be covered by this Policy.

5.2 Industrial units are eligible for Incentives & Concessions on new investment made on fixed assets only. Investments in taken over industrial concerns or assets would not qualify for incentives. However for additional investment made by the new entrepreneur during this Policy period in creation of new assets under new unit / expansion programme would qualify for assistance.

5.3 Incentives and concessions for investments in the Information Technology/ Bio Technology Sectors will however continue to be governed by the IT policy as per Government Order " MAHITI " and the Bio Technology Policy.

5.4. Incentives and Concessions as per this Policy will not be available for the industries specified in Annexure - D.

5.5 Definitions :

a] Tiny Industry: Tiny Scale industry is one in which the investment in plant and machinery is less than Rs.25 lakhs irrespective of the location of the unit.

b] Small Scale Industry: An industrial undertaking in which the investment in plant and machinery whether held on ownership terms or on lease or by hire purchase does not exceed Rs.100 lakhs.

c] Medium & Large Scale Industry: An industrial unit which is not classified as Tiny/Small Scale/Ancillary Industry shall be classified as Medium/ Large Scale Industry.

d] 100% Export Oriented Units [Export Oriented Units]: A 100% Export Oriented Units is one which undertakes to export its entire production of goods subject to relaxation as permitted by Govt. of India from time to time and as defined by it. Such units may be set up either under the Export Oriented Units or under EPIP [Export Promotion Industrial Park] Scheme or under the EHTP [Electronic Hardware Technology Park] Scheme or Software Technology Park Scheme or Special Economic Zone.

e] Mega Project: shall mean Projects with an investment of Rs.100 Cr. and above in fixed assets.

f] Fixed Asset: Fixed assets shall mean the total investment made on land, building and plant and machinery and such other productive assets like tools, jigs, and fixtures, dies, utilities like boilers, compressors, diesel generating sets, cranes, material handling equipments and such other equipments directly related to production purposes.

5.6 SANCTION OF INCENTIVES AND CONCESSIONS IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

a] All new industrial investments shall create maximum possible additional employment opportunities and provide a minimum 80% of employment to the local people on an overall basis [100% employment to local people in case of Group C & D categories will be insisted] and this will be monitored during disbursement of incentives and concessions.

The above requirements regarding employment to local people will be monitored by the DIC for a period of 5 years. Failure of the industries to provide employment to local people as stipulated above will be reported to the concerned DLSWA/ SLSWCC/ SHLCC, which will recommend for recovery of investment subsidy sanctioned to the unit, for which purpose a suitable under-taking will have to be furnished by the unit concerned before disbursal of subsidy.

b] The quantum of investment subsidy shall be computed on the value of fixed assets as specified in Sub Para-[f] of Para 5.5 and as approved by the financial institutions, commercial banks.

c] The definition of tiny, small or medium and large scale industries as indicated above shall automatically stand revised as and when Government of India makes any changes in such definition and benefits under this package shall be available to the Tiny, Small Medium & Large scale units as per the new definition from the respective dates.

d] The validity of incentives and concessions as per this order shall be for a period of five years from 1st April 2006 [i.e., upto 31st March 2011].

e] Wherever industrial units avail subsidy under any other schemes of Govt. of Karnataka / Govt. of India, only differential amount of Subsidy, if any, would be provided under this policy.

f] Commerce & Industries Dept. would administer the package of Incentives & Concession under this Industrial Policy. Separate guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies and officers. Interpretation of this Government Order and the decision thereon of the Commerce & Industries Department, Government of Karnataka shall be final.

Annexure –B

Classification of Talukas in Karnataka into Zones for the purpose of administering graded scale of incentives & concessions

Sl. No.	District	Total No. of Tqs.	ZONE - 1		ZONE-2	ZONE-3
			Most Backward Tqs.	More Backward Tqs.	Backward Talukas	Industrially Developed Talukas
1.	Bangalore (U)	4	-	-		Anekal Bangalore [North] Bangalore [South] Bangalore [East]
2.	Bangalore (R)	8	Kanakapura Magadi	-		Channapatna Devanahalli Doddaballapura Hoskote Nelamangala Ramanagaram
3.	Chitradurga	6	Hosadurga	Hiriyur Molakalmur Holalkere Challakere	Chitradurga	
4.	Davanagere	6	Channagiri Harapanahalli	Honnali Jagalur	Davanagere Harihara	
5.	Kolar	11	Bagepalli	Mulbagal Gudibande Gowribidanur	Kolar Chikkaballapur Siddalaghatta Malur Bangarpet Chintamani Srinivasapura	
6.	Shimoga	7	-	Soraba	Shimoga Bhadravathi Sagar Shikaripura Hosanagara Thirthahalli	

Sl. No.	District	Total No. of Tqs.	ZONE - 1		ZONE-2	ZONE-3
			Most Backward Tqs.	More Backward Tqs.	Backward Talukas	Industrially Developed Talukas
7.	Tumkur	10	Kunigal Madhugiri Gubbi Sira Pavagada	Turuvekere Koratagere C N Halli	Tumkur Tiptur	
8.	Chamarajnagar	4	Chamarajnagar	Gundlupet Kollegal	Yelandur	
9.	Chickmagalore	7	-	Kadur	Chickmagalur Tarikere Shringeri Mudigere Koppa Narasimharajapura	
10.	Dakshina Kannada	5	-	-	Bantwal Puttur Sulya Balthangadi	Mangalore
11.	Hassan	8	-	Arakalgud	Hassan Arasikere Channarayapatna Holenarasipura Belur Alur Sakleshpura	
12.	Kodagu	3	-	-	Madikeri Somawarpet Virajpet	
13.	Mandya	7	-	Malavalli Nagamangala K R Pet	Mandya Maddur Srirangapatna Pandavapura	

Sl. No.	District	Total No. of Tqs.	ZONE - 1		ZONE-2	ZONE-3
			Most Backward Tqs.	More Backward Tqs.	Backward Talukas	Industrially Developed Talukas
14.	Mysore	7	H D Kote	Hunsur T N Pura Nanjanagud	Periapatna K.RNagara	Mysore
15.	Udupi	3	-	-	Udupi Kundapura Karkala	
16.	Bellary	7	Sandur Kudligi	Siraguppa H B Halli H Hadagali	Bellary Hospet	
17.	Bidar	5	Bhalki Humnabad Basavakalyan Aurad	-	Bidar	
18.	Gulbarga	10	Sedam Shorapur Yadgir Chitapur Afzalpur Shahapur Aland Chincholi Jewargi	-	Gulburga	
19.	Koppal	4	Kustagi Yelburga	Koppal	Gangavathi	
20.	Raichur	5	Sindanur Manvi Ligasugur Devadurga	Raichur		
21.	Bagalkote	6	Bilagi	Hunagund Badami	Bagalkote Mudhol Jamkhandi	

Sl. No.	District	Total No. of Tqs.	ZONE - 1		ZONE-2	ZONE-3
			Most Backward Tqs.	More Backward Tqs.	Backward Talukas	Industrially Developed Talukas
22.	Belgaum	10	-	Athani Gokak Soundatti	Belgaum Khanapur Hukkeri Ramdurg Bailahongal Chikkodi Raibag	
23.	Bijapur	5	Muddebihal B Bagewadi Indi Sindgi	-	Bijapur	
24.	Dharwad	5	-	Kalghatagi	Dharwad Hubli Kundagol Navalgund	
25.	Gadag	5	-	Mundargi	Gadag Nargund Ron Shirahatti	
26.	Haveri	7	-	Savanur Shiggaon Hirekerur	Haveri Ranebennur Byadagi Hanagal	
27.	Uttara Kannada	11	-	Supa Bhatkal	Karwar Haliyal Sirsi Mundagod Yellapura Honnavar Ankola Siddapura Kumta	
	Total No of Talukas	**176**	**39**	**40**	**85**	**12**

Annexure - C

Incentives & Concessions for Mega, Large & Medium and Small Scale Industries

Sl.No.	Type of Incentives	Mega Industries	Large & Medium Industries	Small Scale Industries
1	**Capital Investment Subsidy**	Nil	Nil	**Zone-1 :** 25% of the value of fixed assets, subject to a maximum of Rs. 15 lakhs per unit. **Zone-2 :** 20% of the value of fixed assets, subject to a maximum of Rs. 10 lakhs per unit. **Zone 1 & 2 :** Addl. Subsidy of 5% of the value of fixed assets, subject to a ceiling of Rs. 1 lakh for SC /ST / PH / Minority & X-Serviceman entrepreneurs. In case of women entrepreneurs, the ceiling for additional subsidy would be Rs. 5 lakhs. **Note: This incentive is available only to units financed by KSFC/KSIIDC/ Banks/Other financial institutions.** **Zone 3** : Nil
2	**Exemption of Electricity Duty on Captive power generation.**	Currently available under Energy Dept Policy continued upto 2011.		
3	**Exemption of Stamp Duty & Reduction of Registration charges**	**Zone-1:** Full exemption. **Zone-2:** 75% exemption **Zone-3:** Nil. **Stamp duty : In respect of Loan & Credit deeds executed for availing term loans from FIs / Banks and for execution of Lease, Lease cum Sale & absolute Sale Deeds by KIADB / KSSIDC in respect of Industrial land /plots allotted.** **Reduction of Registration charges :** Concessional registration charges at Re.1 per Rs. 1,000.		
4	**Waiver of conversion fine:- (on lands converted for industrial use)**	**Zone-1:** Full exemption subject to a maximum of 50 acres per unit. **Zone-2:** 75% exemption subject to a maximum of 25 acres per unit. **Zone-3 :** Nil	**Zone-1:** Full exemption subject to a maximum of 25 acres per unit. **Zone-2:** 75% exemption subject to a maximum of 25 acres per unit. **Zone-3 :** Nil	**Zone-1 :** Full exemption subject to a maximum of 10 acres per unit. **Zone-2 :** 75% exemption subject to a maximum of 10 acres per unit. **Zone-3:** Nil

Sl.No.	Type of Incentives	Mega Industries	Large & Medium Industries	Small Scale Industries
5	**Acquisition & allotment of land through KIADB**	In respect of lands acquired for development of industrial area / estates or single unit complex KIADB acquisition charges to be levied is 28% in respect of areas in **Zone: 3**. For the areas in **Zones 1 & 2** acquisition charges would be 10%.		
6	**Subsidy for setting up of Effluent Treatment Plants [ETPs]**	One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of Rs. 100 lakhs per unit for all categories of industries for all Zones.		
7	**Entry Tax & Special Entry Tax concessions.**	**Zone 1 & 2:** **(i)`** ET & Special ET exemption on "Plant & Machinery and Capital Goods" for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term "Plant & Machinery and Capital Goods" also includes Plant & Machinery and capital goods i.e., equipment etc which is put up in the power project units for captive generation of Electricity. **(ii)** On raw materials, inputs, component parts & consumables (excluding petroleum products) [wherever applicable] for a period of 5 years from the date of commencement of commercial production.		
		Zone-3: Nil		
8	**Human Resource Developments**	(i) Grant of up to 5 acres of Government land will be considered along with capital contribution of 50% of the project cost subject to a ceiling of Rs.2 crores per Training Establishment for sector specific training. (ii) Recurring cost for running the training institution an amount of Rs.750/- p.m./ per trainee will be provided subject to a ceiling of Rs.15 lakhs per per year for period of 3 year. (iii) Government will launch a new scheme to provide Rs.750/- p.m. stipend with suitable matching contribution by training institutions for on-the-job training of unemployed educated youth for training in different vocations through industrial / service establishments.		
9	**Technology Upgradation**	Nil	Nil	**Zone 1 & 2:** (i) Existing scheme of 4% interest subsidy for TU loans availed from KSFC / KSIIDC shall be extended to cover TU loans availed from scheduled Commercial Banks, which are not covered under CLCS Scheme of Govt. of India. **Zone 1, 2 & 3:** (ii) Existing incentive scheme for SSI units going in for BIS product certification or ISO series certification is continued with enhanced financial allocation. (iii) Encouragement to Patents Registration : Subsidy at 50% of the cost of Patents registration, subject to a ceiling of Rs. 2 lakhs per unit.

Sl.No.	Type of Incentives	Mega Industries	Large & Medium Industries	Small Scale Industries
		Funding will be provided for certain commercially viable research projects in collaboration with IITs, universities and other reputed institutions. An amount of Rs. 25 crores is earmarked for this purpose during the policy period.		
10	**Industrial Infrastructure Development/ Common infrastructure / facilities in Notified Industrial Clusters**	A separate Infrastructure Upgradation Fund of Rs. 500 crores would be created for upgradation of infrastructure facilities in existing industrial areas / estates and also for maintenance. This fund may also be utilized for new industrial areas. Separate guidelines would be issued for utilizing this fund.		
11	**Agriculture Produce Processing Industries – Exemption of APMC Cess**	APMC Cess in respect of direct procurement of agriculture produce for processing from farmers by processing industries is exempted.		

Annexure – D

List of Industrial activities / Units In-eligible for Incentives & Concessions

Sl. No	Activity
1	Breweries & Distilleries of all types
2	Units utilizing molasses / rectified spirit / denatured spirit as main raw material for manufacture of potable alcohol
3	Khandasari units
4	Photo Studios & Color processing units
5	Photo Copying & Xerox Machines
6	Fertilizer Mixing
7	Re-packing of Drugs / Medicines / Chemicals, without any processing or value addition
8	All types of Saw Mills
9	Beedies / Cigarettes / Cigars / Gutka & Tobacco based products
10	Azoic / Reactive Dyes
11	Fire Crackers
12	Industries manufacturing and or utilizing Ozone depleting substances
13	Power Laundries
14	Brick making units Excluding Cement Hallow Blocks, wire cut & fly ash Bricks.
15	Poultry.
16	Popcorn & Ice candy making units
17	Coffee Roasting and Grinding
18	Clock and Watch Repair shops
19	Cassette recording [Audio & vedio]
20	Cyanide

By Order and in the name of the Governor of Karnataka,

K.M. SHIVAKUMAR

Principal Secretary to Government, Commerce & Industries Department

P.R. 1328